

EXHIBIT 2

Major Savings and Reforms

BUDGET OF THE U. S. GOVERNMENT

Fiscal Year 2018



Office of Management and Budget

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REDUCTION: NATIONAL INSTITUTES OF HEALTH TOPLINE*Department of Health and Human Services*

The Budget proposes to reduce funding for the National Institutes of Health (NIH) to better target funding to support the highest priority biomedical research.

Funding Summary
(In millions of dollars)

	2017 CR	2018 Request	2018 Change from 2017
Budget Authority.....	31,674	25,883	-5,791

Justification

In 2018, NIH would receive nearly \$26 billion to improve public health by advancing our knowledge of disease and cures. NIH would improve agency management by reducing duplication, and reducing both agency and grantee administrative costs.

The Budget proposes NIH structural reforms, including the elimination of the Fogarty International Center which supports international research capacity and training of researchers overseas. International research will be prioritized, as appropriate, by other NIH Institutes as part of their research portfolios. For example, NIH's National Institute of Allergy and Infectious Disease conducts international research that has important implications for U.S. health improvements. However, duplicative and unnecessary global health research will be curtailed.

The Budget also proposes to reduce reimbursement of grantee administrative and facilities costs, referred to as "indirect costs", so that available funding can be better targeted toward supporting the highest priority research on diseases that affect human health. As a result of these changes to the reimbursement structure, significant reductions in 2018 will come from lower indirect cost payments. Increasing efficiencies within the NIH is a priority of the Administration. The Budget includes an indirect cost rate for NIH grants that will be capped at 10 percent of total research. This approach would be applied to all types of grants with a rate higher than 10 percent currently and will achieve significant savings in 2018. It would also bring NIH's reimbursement rate for indirect costs more in line with the reimbursement rate used by private foundations, such as the Gates Foundation, for biomedical research conducted at U.S. universities. In addition, the Budget proposes that NIH will streamline select Federal research requirements for grantees through targeted approaches. In tandem, the Budget supports burden reduction measures that will further reduce grant award recipient costs associated with research.